



November 22, 2011

Dear Fee for Service Providers:

**TRANSITION OF THE INTEGRATED SYSTEM (IS)
TO MEET HIPAA 5010 REQUIREMENTS**

As I am sure you are aware, federal regulations require that all electronic administrative and financial health care transactions utilize the new 5010 standards by January 1, 2012, to comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). However, on November 17th, the Centers for Medicare and Medicaid Services (CMS) announced a 90-day period during which it will not initiate enforcement actions related to compliance with the new HIPAA 5010 transaction standards. This period will begin on January 1 and continue through March 31, 2012. **Based on this CMS statement, the Los County Department of Mental Health (DMH) will accept HIPAA 4010 claims while the upgrades to make the Integrated System (IS) HIPAA 5010 compliant are being completed.** DMH anticipates that the IS will be upgraded and available for entry of 5010 compliant transactions in February or March 2012, with the first claim submissions to the State under the new format in either March or April 2012. Once the IS 5010 upgrade is complete, you will be notified and DMH will no longer accept HIPAA 4010 claims. DMH will stop accepting HIPAA 4010 claims after March 27, 2012, even in the event that due to unforeseen circumstances, the IS HIPAA 5010 upgrade is incomplete.

The State Department of Health Care Services – Mental Health (DHCS-MH) has provided draft and verbal indication that they will be able to receive and accept HIPAA 4010 claim transactions through March 30, 2012. Since this information is obviously very important to you, we did not wish to delay this announcement until we receive official notification. Additionally, this is why it is important that DMH not accept HIPAA 4010 claims after March 27, 2012.

Impact on Claim Submission

DMH has previously obtained State permission to use a special late code for claims delayed as a result of implementation of HIPAA 5010 requirements. We have requested confirmation from the State that CMS's announcement does not alter providers' ability to use the late code previously provided. The late code assigned for these delays is late code 9. Late code 9 should be submitted on all claims for dates of service between July 1, 2011 and March 31, 2012 unless another appropriate late code applies to the specific claims.

The implementation of the 5010 requirements may require a temporary shutdown of the IS for approximately two (2) weeks in February or March 2012. If a shutdown is required, providers will be advised through a Provider Bulletin and IS Alert.

Effect of Transition on Monthly Payments to DDE Providers

Direct data entry (DDE) providers should continue to enter their claims into the IS with no interruption. The claims will be sent to the State on a normal schedule as either HIPAA 4010 or 5010 claims depending on DMH's HIPAA 5010 implementation schedule. Monthly payments to DDE providers will be based on claims entered into the IS.

Effect of Transition on Monthly Payments to EDI Providers

As noted above, DMH will continue to accept HIPAA 4010 claims while the upgrades to make the Integrated System (IS) HIPAA 5010 compliant are being completed. DMH anticipates that the IS will be upgraded and available for entry of 5010 compliant transactions in February or March 2012, with the first claim submissions to the State under the new format in either March or April 2012.

EDI providers should continue to submit claims using their existing EDI programs through December 31, 2011. After that date, EDI providers have three options for claim submission. Regardless of the option chosen, monthly payments to EDI providers will be based on claims submitted to the IS. Payments to EDI providers for January, February, March and April 2012 will be based on claims submitted by December 13, 2011, January 17, 2012, February 14, 2012 and March 13, 2012, respectively. The choice between these options is a business decision for which your agency is entirely responsible. These options are:

1. Continue to submit EDI claim transactions in the HIPAA 4010 format.
2. Submit claims to the IS using Direct Data Entry component of the IS.
3. Hold EDI claim transactions until they can be received by DMH in a HIPAA 5010 format.

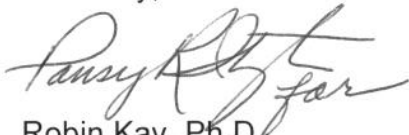
If an EDI provider converts to 5010-compliant software and cannot generate HIPAA version 4010 claims to the IS prior to DMH upgrading the IS to 5010, the provider will need to submit these claims to the IS using direct data entry in order to receive payments between January and March/April 2012.

I want to thank you in advance for your attention to this matter. As changes to the expectations for 5010 transition may continue to be made, we will provide you with information via both Provider Bulletins and IS Alerts. Please continue to monitor them carefully for further

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important information. As always, please feel free to contact Provider Relations at (213) 738-3311 for answers to any additional questions you may have.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robin Kay", followed by a stylized flourish.

Robin Kay, Ph.D.
Chief Deputy Director

RK:PW:

c: Executive Management Team - DMH
Pansy Washington, Managed Care Division - DMH
Zena Jacobi, CIOB – DMH
Richard Kushi, CDAD – DMH